

## TEACHERS' RETIREMENT BOARD

### INVESTMENT COMMITTEE

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SUBJECT: Real Estate - Panel on Moderate to High Real Estate Risk

ITEM NUMBER: 6

ATTACHMENT(S): 1

ACTION: \_\_\_\_\_

DATE OF MEETING: January 13, 1999

INFORMATION: X

PRESENTER(S): Mr. Pleis

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### EXECUTIVE SUMMARY

One of the objectives for the 1998/99 fiscal year is to provide the Investment Committee with a series of educational presentations to assist in the managing and monitoring of the investment portfolio. This is the fourth of ten scheduled presentations for the coming year. The topic is "Investing in moderate to high risk real estate".

In April 1998, the Investment Committee approved real estate policies that identified the composite risk profile for the real estate portfolio at 75% low to moderate risk and 25% moderate to high risk. This panel will focus on various strategies for investing in moderate to high risk real estate investments. As outlined in the April 1998 Investment Committee presentation on real estate, staff identified the three different investment structures pension funds utilize to hold real estate - 1) Commingled Funds 2) Direct Ownership and 3) Public Securities. The following panelist each represent one of the three investment structures.

Attachment 1 provides a biographical summary of three investment professionals representing a panel which is designed to allow a maximum amount of interaction. Each Panelist represents a different strategy in moderate to high risk investing. Mr. Craig Vought of Spieker Properties will discuss the risk and returns of real estate development. Mr. Vance Maddocks of CB Richard Ellis will discuss obtaining high returns after the building has been completed. Mr. Owen Thomas of Morgan Stanley will discuss how to obtain high returns through joint venture investment structures.

Each panelist will make about a five minute presentation. After the three presentations have been completed, a question and answer session will follow.

## **BIOGRAPHIES**

### **CRAIG G. VOUGHT**

Craig G. Vought is Executive Vice President and Chief Financial Officer of Spieker Properties, Inc., a publicly-traded real estate investment trust (REIT) that acquires, develops and manages high quality suburban office and industrial properties in California and the Pacific Northwest. Mr. Vought is responsible for the overall management and control of all Company financial matters and capital market activities. He is also responsible for investor relations, legal affairs, and information technology. In addition to his financial experience, Mr. Vought has been responsible for development of nearly 1,000,000 square feet of commercial property in Northern California including the Company's largest build-to-suit. Previously, Mr. Vought held positions at Chase Manhattan Bank and E.F. Hutton & Co. He received a Bachelor of Arts from Trinity College and a Masters in Business Administration from the Wharton School of Business.

### **VANCE MADDOCKS**

Mr. Maddocks is an Executive Managing Director of CB Richard Ellis and has current responsibility for CB Richard Ellis Investor's Strategic Partners Fund. This includes developing and implementing client investment strategies and directing the activities of the Acquisitions Department. He has fifteen years of experience in the commercial real estate industry and has been active in all phases of the investment process including equity capital raising, mortgage origination and structuring, joint venture structuring, leasing and dispositions. Mr. Maddocks has been directly involved in completing transactions totaling more than \$1 billion. Prior to CB Richard Ellis Investors, Mr. Maddocks was formerly a Senior Accountant with the accounting firm of Peat, Marwick, Mitchell & Co. Mr. Maddocks received a B.S. in Finance and Accounting from California State University at Northridge. He holds a CPA designation and is a member of the Pension Real Estate Association.

### **OWEN D. THOMAS**

Owen D. Thomas is a Managing Director of Morgan Stanley & Co. Incorporated and is the President and Chief Investment Officer for the Morgan Stanley Real Estate Funds, L.P. ("MSREF"). He also serves on the Investment Committee for MSREF and the Morgan Stanley Real Estate Special Situations Fund. Owen joined Morgan Stanley in 1987 and has been exclusively involved in the Firm's real estate business since that time. He has significant experience on a global basis in both the principal investing and investment banking areas of Morgan Stanley's real estate business. Owen is a member of the Urban Land Institute (Community Development Council), the Pension Real Estate Association, the National Multi-Housing Council, the Advisory Board for the Real Estate Institute at New York University and serves as a director of Red Roof Inns, Inc. and many investment partnerships involving MSREF. He received an M.B.A. from Harvard Business School and a B.S. from the University of Virginia.